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ROYAL TRUST ANNUAL REPORT 1973



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74th
Annual Report
The Royal Trust Company
for the Year Ended
31st December,
1973
(Consolidated Operations)

Financial Highlights

(Dollars in thousands,
except per share amount)

	1973	1972
Gross income	\$ 261,527	\$ 204,357
Net operating profit	\$ 14,246	\$ 12,477
Net operating profit per share	\$ 1.40	\$ 1.28
Companies' and Guaranteed Account assets	\$ 2,661,785	\$ 2,151,190
Estimated market value of Estates, Trusts and Agency Accounts under administration	\$11,371,000	\$10,494,300
Total assets under administration	\$14,032,785	\$12,645,490

74th annual
general meeting
Montreal
Thursday
28th February 1974

876-2628

Our cover, featuring coins of a number of countries, symbolizes the Company's principal role — handling other people's money — and the expanding international aspect of its operations.





Conrad F. Harrington
Chairman of the Board
and
Chairman of the Executive Committee



Kenneth A. White
President and
Chief Executive Officer

It is a pleasure to present the 74th Annual Report of The Royal Trust Company for the year ended 31st December 1973, a year filled with continued challenges and difficulties in many phases of life in Canada and abroad. Even in such an environment, we hope this report will sound a note of encouragement and optimism.

It records expansion of our facilities; new offices opened; new services introduced; growth in every aspect of our operations, and again, increases in income and profit.

The company has continued to meet the demands of a constantly increasing need for the wide range of trust and financial services it provides. At year end, assets under administration, largely other people's money, exceeded \$14 billion, reflecting the trust and confidence placed in the Company by its clients.

The successful year we are able to report is a tribute to the ability, energy and enthusiasm of the 4400 men and women who make their careers with "Royal Trust". To each and every one of them, we offer sincere thanks.

Financial Results

Our 1973 operating profit of \$28.4 million before taxes represents an increase of 20% over that of 1972. The higher rate of taxes in Canada applicable to our company however, resulted in a relatively smaller percentage growth of 14% over 1972 in net profit after taxes. On a per share basis, earnings of \$1.40 per share for 1973 represent an increase of 9% over 1972's per share earnings of \$1.28. The difference in percentage increases between net operating profit and per share earnings results from a higher average number of shares outstanding for 1973. The increase in shares outstanding results principally from Company shares issued in 1972 in exchange for shares of Inter National Bank of Miami, the additional Royal Trust shares being outstanding for a 12-month period in 1973 but only for a four-month period in 1972.

The Statement of Consolidated Profit and Loss shows growth in total income from \$204 million to \$262 million, an increase of \$58 million or 28%. Investment Income climbed from \$159.5 million to \$200.5 million, or 26%, and Income from Fees and Commissions, from \$44.8 million to \$61 million, or 36%. The increase in Fees and Commissions is a record for the Company, both in terms of dollars and as a percentage. Except for "Stock Transfer Agencies and Bond Trusteeships" and "Miscellaneous", substantial increases were recorded in all other categories of fees and commissions: Estates, Trusts and Agencies, 20%; Real Estate Sales and Property Management, 69%; Pension Trusts and Institutional Accounts, 14%; Mortgage Administration, 17%, and Managed Funds, 39%.

In the 2nd and 3rd quarter reports, we commented on the adverse effect that increases in the general interest rate structure would have on the profit derived from our money operations. High interest rates continued throughout the 4th quarter so that profit from the use of money was somewhat less than would have been anticipated under more normal conditions. Nevertheless income from investments, net of interest paid on deposits and borrowings, increased by 21%. A portion of this increase comes from the operations of Inter National Bank of Miami which are included in 1973's operations for a complete year as opposed to only a third of the 1972 year. Excluding its operations, net investment income increased by 14%.

In the Expenditure Account some increases such as Salaries, Real Estate Sales Commissions and Premises are quite compatible with the over-all increase in income. Advertising expense of \$3.4 million includes real estate advertising of \$1.9 million for 1973, an increase of 55% which is in direct relation to the growth factor in real estate sales commissions. Certain other categories of expenses, however, increased at a relatively higher percentage rate than did the growth in total income. Readily identifiable are extra costs associated with centralization of computer facilities;

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 With more than \$14 billion of assets under its administration, a principal role of Royal Trust is as investment manager on behalf of tens of thousands of individuals, corporations and institutions. Discussing investment policy are, left to right: Byng Woo, Manager, Investment Research Department; John McTear, Economist; John M. Scholes, Group Vice-President, Investments, and G. R. Otley, Vice-President, Pension Trust Services.



Under stock exchange regulations the price of an option to employees cannot exceed 10% less than the market price of a share at the time the option is granted. A substantial number of shares has already been subscribed for and these, together with shares taken up under a previous stock option plan, account for the increase of 158,560 in shares outstanding in 1973.

The directors on 15 January (1974) approved an increase in the quarterly dividend from 20 cents to 22½ cents and it is expected that this rate will be maintained throughout 1974.

A By-law to provide for so-called "tax-free" or "deferred tax" dividends to Canadian shareholders will be submitted to shareholders at the annual meeting 28 February 1974. If approved, the necessary Supplementary Letters Patent will be sought and it is hoped the alternative of tax-free dividends will be available with the May dividend. The proposal involves re-designation of the present common shares as Class A shares and the creation of a new class of shares called Class B, both of which would be

freely interchangeable. It will be necessary for the individual Canadian shareholder to determine whether he should opt for normal taxable dividends or convert to "tax-free" dividend shares depending upon his personal tax status. If in doubt, shareholders should consult their tax advisers.

Money Operations

"Money Operations" comprise the Guaranteed Account of the parent company, The Royal Trust Company Mortgage Corporation and Builders Financial, all in Canada, plus the deposit-taking and bank operations of the overseas subsidiaries — United Kingdom, Channel Islands and Ireland — and of Inter National Bank of Miami. Deposits and borrowings reached \$2.5 billion by the end of 1973, growing by \$481 million, or 24%, during the year as follows: Guaranteed Account — \$424 million, Mortgage Corporation — \$11 million, Builders Financial — \$12 million, overseas — \$25 million, and Miami, \$9 million.

Although prevailing interest rates in Canada throughout 1973 were lower than

expansion of real estate and savings offices, and a general increase in cost of services and supplies over which we have only limited control. It is quite apparent that the Company, along with all Canadians, is now in a period of rapidly increasing inflation and we have taken steps which hopefully will contain the problem insofar as it applies to the Company and lead to a more modest increase in operating costs in 1974.

Turning to the Balance Sheet, the increase in assets of \$511 million, or 24%, to a total of \$2.7 billion is also a new record in terms of dollars. Mortgages held for consolidated accounts provided the greatest increase, growing by \$379 million, or 32%, to a total of \$1.6 billion. The year-end figure of \$494 million of cash, bank deposit receipts and treasury bills includes some \$84 million as a reserve to cover mortgage commitments scheduled for pay-out in early 1974. The chief source of additional funds was deposits in Guaranteed Account in Canada, which increased by \$424 million or 26%.

Our investment in affiliated companies increased by some \$10 million, representing the acquisition of interests in BM-RT Ltd. and Computel Systems Ltd. and an additional subscription to shares of The Sovereign Mortgage Insurance Company.

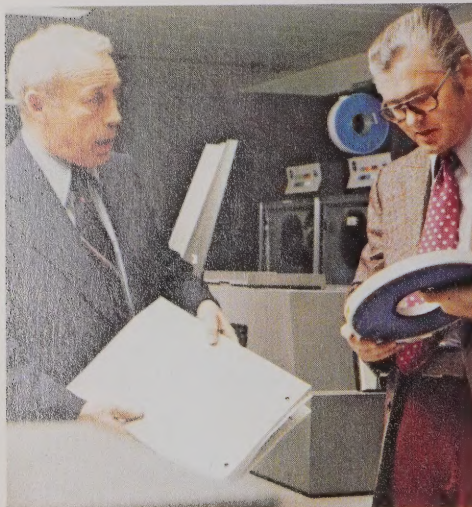
Capital Stock and Dividends

In the hope of achieving a wider distribution, our shares were split on a 2 for 1 basis in March, 1973, and there has been an increase in the number of shareholders from 5,608 at 31 December, 1972 to 6485 at 31 December, 1973. The geographical distribution of shareholders is as follows: Canada — 5903, representing 91.6% of outstanding shares; United Kingdom — 117 (1.5%); United States — 407 (6.2%) and elsewhere — 58 (0.7%). In 1973 the market price of the stock ranged from a low of 21¾ in July to a high of 28¾ in October.

A new employee stock option plan provided for the issue of up to 300,000 shares effective 1 November, 1973.

Steady growth in number of clients requires constant expansion and improvement of Royal Trust's computer facilities, and to this end in 1973 the Company joined forces with Computel, a computer service company having one of the largest and most advanced systems in Canada. Programming is discussed by Glyn Smallwood, Royal Trust's Group Vice-President, Administration, and Gary E. Allen, General Supervisor, Electronic Data Processing Services.

Aspects of the Company's own budget performance in 1973 and details of the budget for 1974 are examined by R. T. La Prairie, C.A., Group Vice-President, Finance, Claudette Lévesque, Manager, Budget Administration, and E. P. Cannon, C.A., Comptroller.



in other major financial markets, they did match previously recorded highs. In the Guaranteed Account operation the relatively high rates are well illustrated by the following ranges for 1973, 90 days — from 5½% to 8¼%, 5 years — 7½% to 9%, and Savings, 5% to 7%.

The Royal Trust Mortgage Corporation, through its underwriters, sold two debenture issues totalling \$27 million during 1973. At year-end, its borrowings consisted of \$90 million in short term notes and \$115 million in longer term debentures.

Builders Financial obtains its funds through the commercial paper market. To date financing has been restricted to notes with maturities under one year.

At December 31 outstanding notes were \$37 million, a net increase of \$11.5 million, or 45%.

Results for 1973 overseas money operations were disappointing. Conditions in the London money market throughout 1973 were nothing short of chaotic. The central bank minimum lending rate went from 9% to 13%, leading to record high rates throughout the year. These conditions adversely affected our London subsidiary Company's profits from this source.

Estates, Trusts and Agencies

In 1972 we made a determined effort to improve the quality of our services and to obtain increased business in the Personal Trust function, traditionally the cornerstone of our operations. These efforts produced satisfactory results for 1973, with an increase of 20% in revenue. New fee schedules for Investment Management and Custodian accounts contributed to this additional income but much of the increase can be attributed to new business.

Present plans envisage a continuation of the personal trust business development and training programs throughout 1974 and beyond in recognition of the basic and important contribution this facet of our business makes to the over-all success of Royal Trust.

Pension Services

The investment management of pension funds during the year was dominated by extremely difficult bond and stock market conditions, but total contributions by Canadian corporations to various employee benefit funds entrusted to us continued their steady growth.

Assets under our administration in the Pension Division, including insurance and other institutional trusts, are valued at market prices and despite lower security prices these assets increased to a total at year end of \$5.1 billion.

The acquisition of new business during the year was most encouraging. In addition to 35 new pension trusts, we obtained 65 other valued appointments, principally Deferred Profit Sharing Plans. While a difficult investment environment may prevail through some of 1974, this function is expected to perform well in all aspects.

Due to increased allowable tax deductions in the Income Tax Act revision, there was a dramatic growth in Registered Retirement Savings Plan contributions from individuals, these assets increasing by 75% over the year. In addition, many companies discovered a new source of tax benefit available to their individual employees using Deferred Profit Sharing Plans which we have been promoting extensively.

Under the new Income Tax Act, trust companies are now authorized to issue "Income-Averaging Annuity Contracts", for a term not to exceed 15 years. Royal Trust was the first major company to offer this service which provides substantial tax savings to individuals under certain special conditions. It is a service warranting close inspection by many Canadians.

Corporate Trust

There was little increase in the amount of borrowing by Corporations by way of bond issues in 1973 but we were successful in obtaining a fair and representative share of such business as was available. Similarly, there were few significant issues of common or preferred shares by Canadian corporations during the year, so that this function showed no increase over 1972.

Real Estate

In 1971, Royal Trust advertised that it sold a house somewhere in Canada every 58 minutes; in 1972 it was every 44 minutes, and by the end of 1973 it was every 34 minutes. Sales totalled 15,400 properties, for a total of \$480 million, resulting in \$29 million in gross revenue for the company, an increase of 69% over 1972.

Fourteen new offices, including real estate, were opened during the year, and others were expanded and improved. The steady extension of the Company's network of offices across the country, with need for facilities which are attractive, comfortable and convenient, makes the Company's own premises department a vital one. Pictured here examining plans for a new office in Niagara Falls, Ontario, are, left to right: Dorel Cohn, architect; Pam Ball, interior designer; R. J. Wilson, Group Vice-President, Regional Operations, and Ken Roberts, designer.

The number of real estate sales offices increased from 72 to 84 and the sales force grew from 900 to over 1,200 men and women.

Our "National Home Selection Service" magazine is being distributed at the rate of 300,000 copies annually to thousands of Canadians moving across Canada in pursuit of business careers or for other reasons. It is a ready reference for many corporation executives in handling problems associated with staff moves and is also used by the Canadian Government as an information publication in its Immigration Offices abroad.

Mortgages

The Company's over-all mortgage activities include operations of Guaranteed Account, the Royal Trust Mortgage Corporation, Pension Trust clients, Builders Financial, Royal Trust "M" Fund and, commencing in 1973, BM-RT Realty Investments.

Mortgage operations continued to expand in 1973 as the demand for mortgages reached record levels for the third consecutive year. We disbursed an average of \$2.6 million every business day in the financing of residential, commercial, industrial and other properties. Payouts in new mortgages totalled \$678 million, compared with \$374 million in 1972. Total mortgages under our administration now exceed \$2.5 billion, involving some 74,000 individual properties.

Since commencing operations in October 1971, Builders Financial Company Limited, through its subsidiaries Builders Capital Limited and Western Builders Capital Limited, has approved loans totalling \$170 million. Applications approved were primarily for interim construction loans secured by first mortgages against land and buildings, the source of repayment being the proceeds of a permanent mortgage lender's commitment. Loans involve a wide variety of projects, and in 1973 increased by a net of \$17 million.

During the year, we joined the Bank of Montreal in establishing a real estate



investment trust, BM-RT Realty Investments. Investors were thus offered an attractive medium and a major new source of funds for housing was provided. This trust is authorized to invest in a wide range of real estate securities. The two sponsors have undertaken to provide both suitable mortgages and adequate financing. An initial \$100 million financing in March was successful. It is planned for the Trust to grow at the rate of \$50 million semi-annually, with each sponsor supplying half of the necessary mortgages. The Trust has grown to \$150 million and there are 8,500 holders of BM-RT units, which are listed on the major Canadian stock exchanges. An adjunct to our mortgage operations is The Sovereign Mortgage Insurance Com-

pany, established in 1972 by Royal Trust and three other major financial institutions. It commenced operations in April, 1973, and by December 31 had insured \$186 million of mortgage loans, with commitments to insure an additional \$45 million. In its first year, the company has been restricted to single-family dwellings but as its base expands, it will offer insurance on other residential, commercial and industrial mortgage loans. It is licensed to do business in every province of Canada and has entered into insurance arrangements with a number of important lenders.

During the year the Company continued to expand its facilities and services beyond Canada, such steps including incorporation of a new Company in Liechtenstein. John F. Close, C.A., Senior Vice-President, Special Investments, Domestic and Foreign, left, discusses facets of the Company's operations in Europe with H. E. Trenholme, Vice-President, International Services.



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creditable 41%. At 31st December 1973, total assets were just over \$71 million. In January 1973, the Chairman and the president visited Florida, meeting with the Governor and members of his cabinet, in Tallahassee, with community and business leaders in Miami, and with the officers and staff of the Bank. In May, the Bank opened a Trust Department to serve United States citizens and Canadian visitors. The first substantial appointments were in the corporate trust field and these provided the base upon which our traditional personal trust activity is building. The Bank supplies a full range of banking services in a market area which rates among the most dynamic in the United States.

Royal Trust disbursed an average of \$2.6 million every business day in the financing of residential, commercial, industrial and other properties, in its role as one of Canada's largest mortgage lenders. Alan Purdy, Vice-President, Mortgage & Property Investment Services, left, and André Forest, General Supervisor, Mortgage Services, view a building for which mortgage financing has been sought.

Marketing

A number of promotional programs for Managed Funds, Retirement Savings Plans, Guaranteed Investment Receipts and in particular, Savings Deposits, were introduced during the year. Market and branch location studies were carried out and many innovations in sales and advertising were developed. An ambitious television approach was undertaken, including the creation of a new series of commercials and sponsorship of a special television show in French. A commitment was made to the Canadian Broadcasting Corporation to sponsor its production, *The National Dream*, based upon Pierre Berton's story of the building of the Canadian Pacific Railway. This program will be shown over an eight-week period, beginning March 3rd. Sponsorship of this series seemed particularly appropriate since the man who drove the famous last spike, Donald A. Smith, went on to become Lord Strathcona and Mount Royal, and the first president of The Royal Trust Company.

Personnel

The training and development of staff continued to receive much care and attention, and more than 70 internally-administered courses, workshops and seminars were held. Educational assistance and external courses were provided at a substantial level.

Special efforts were made to ensure that salary policies remained effective and realistic under difficult conditions. Labour market surveys were almost continuous and plans for a more effective job evaluation system were approved for implementation in 1974.

	Employees	Offices
1964	1,990	35
1965	2,044	39
1966	2,136	47
1967	2,215	49
1968	2,268	52
1969	2,565	57
1970	2,817	68
1971	3,114	76
1972	3,788	101
1973	4,396	113

"A", "B", "C" & "M" Funds

An increase of \$60 million, or 15%, to a total of \$466 million was shown by these four investment funds designed for individuals. The number of participants rose by more than 25% to over 67,000. Investor preference for income funds was again in evidence. The number of units outstanding of "B" and "M" funds combined increased by about 24%, whereas "C" fund units increased by only 7%. Units of "A" fund outstanding declined by 22%, reflecting investor disappointment in the recent trend of the New York stock market.

Unit prices of all four funds were lower at the end of the year than at the beginning, principally because of higher interest rate levels and the sharp break in stock prices in the closing months of the year.

International

During the year efforts to expand the scope of our facilities and services beyond Canada were continued.

In Europe, the Company registered the International Royal Trust Company (AG) in Liechtenstein to act as trustee of settlements, foundations and trusts of all sorts.

In 1972 we incorporated a subsidiary in Guernsey, C.I. and it commenced operations in January, 1973. St. Peter Port, Guernsey, is a growing financial centre and one of the few of its nature remaining within the sterling area. As in Jersey, our Guernsey office is an appropriate facility not only for residents of the sterling area, including the U.K., but also for other Royal Trust clients around the world, and indications are that the Guernsey company will show a profit during its first full year of operation. Our office in Jersey has continued to grow.

In the U.S.A., 1973 was the first full year of operations of Inter National Bank of Miami as a member of the Royal Trust Group. The Bank's past pattern of growth continued, with loans of all types increasing 34%, deposits 15% and net profit after taxes a

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With more than \$3 billion in pension fund assets under its administration, the Company is a leader in the field of trustee pension fund investment management. A client's account is discussed by Royal Trust officers including, left to right: Robert K. Scrimgeour, Portfolio Manager; Paul Kelly, Manager, Pension Department, Montreal Branch; Guy Sinnett, Client Services Officer; Jean-Guy Fleurent and G. Roger Otley, Vice-President, Pension Trust Services.

In addition to an Employees' Stock Option Plan, other improvements in employees' benefits were initiated. Pensions paid to retired employees were reviewed in the light of increased living costs and a program of increased allowances was authorized, effective January 1974.

Electronic Data Processing

The year was a significant one for the Company's EDP operations. It was decided to centralize the Company's electronic data processing operations in Canada on one large computer. Coincident with this decision an affiliation with Computel Systems Ltd. was concluded. Computel is an Ottawa computer service company



with sales and service offices in Montreal and Toronto. Royal Trust will replace its own data processing facilities with those of Computel's while retaining systems design, programming and data control functions. Computel's computer system is one of the largest and most advanced in Canada and our association will facilitate the development and use of more advanced systems by Royal Trust. This arrangement is expected to produce material cost savings to Royal Trust in its computer operations.

Premises

To meet the ever-increasing demand for our services, 14 new offices, including

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The distinctive Royal Trust "For Sale" sign today can be seen from coast to coast as the Company's network of real estate offices continues to widen. Before the sign goes up, the property receives a careful inspection by real estate personnel. Shown here are Pierre Lepicq, Manager Real Estate, Montreal, and Margaret Loofbouroow, sales representatives.



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real estate, were opened during the year and others expanded and improved.

Combined savings and real estate offices were opened in Westmount Mall, London, Ontario and in Oakville. Similar facilities in Niagara Falls and the Kerrisdale section of Vancouver are approaching completion.

The offices in Fredericton, Hamilton, Moncton and Windsor moved into larger and specially-designed new premises, and renovations were completed at Ottawa, St. Catharines, Sault Ste. Marie, Thunder Bay and Victoria. In London, Ontario, a new Royal Trust Building is rising on the site of its former century-

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Tens of thousands of Canadians have savings and chequing accounts with Royal Trust. Teller Johanne Saint-André explains to Ewart A. Wickens, C.A., Vice-President & Treasurer, some of the finer details of the electronic equipment which helps provide account holders with speedy and efficient service.

old office, the branch being housed in temporary quarters nearby. We are also constructing a new building in St. Helier, Jersey, rapid growth and expansion there having made the existing quarters inadequate.

In Edmonton, a 25-storey tower in the new Edmonton Centre will be called The Royal Trust Tower, with main Edmonton office moving into it in May 1974.

Directors and Executive Officers

We record with regret the death of the following: R. E. Powell, LL.D., a Director from 1952 to 1963 and an Honorary Director thereafter; C. Antoine Geoffrion, Q.C., a Director since 1961; and early in 1974, Richard G. Ivey, Q.C., LL.D., a Director from 1946 to 1966 and an Honorary Director thereafter. Their contributions to the growth and progress of the Company are gratefully acknowledged.

John L. O'Brien, Q.C., a Director from 1963 and a member of the Executive Committee since 1964, will not be standing for re-election, having reached the mandatory retirement age, but we hope he will continue to serve us as an Honorary Director. We are pleased that David G. Waldon, President, Interprovincial Pipe Line Limited, Toronto, and Camille A. Dagenais, O.C., President,



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Investment analysts in Royal Trust's research department continuously gather information on Canadian industry and corporations to assess investment opportunities for personal and corporate clients. Interviews with management and field trips form an important part of this process. Marcel Tremblay, oil industry specialist, is pictured, at right, at an oil refinery.



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Surveyer, Nenniger et Chenevert, Inc., Montreal have agreed to stand for election to the Board.

We congratulate our Director, Maurice Riel, Q.C. upon his appointment to the Canadian Senate.

With the continuing growth of the company, and expansion of its facilities and services, a broadening of the senior management structure was necessary. In line with this, the following appointments were made: Glyn Smallwood, Group Vice-President, Administration, succeeding J. W. R. Seattle, who retired after 42 years' service; R. T. La Prairie, C.A., Group Vice-President, Finance, and J. M. Scholes, Group Vice-President, Investments. The fourth member of this group is R. J. Wilson, Group Vice-President, Regional Operations, who was appointed earlier.

Other executive appointments were E. A. Wickens, C.A. as Vice-President and Treasurer; D. B. Ascott, Vice-President, Personal Trust Services; G. R. Otley, Vice-President, Pension Trust Services,

and I. D. Sneddon as Vice-President, Atlantic Provinces Region, succeeding M. J. Pratt, who retired after 40 years' service.

In response to a request from the organizing committee of the 1976 Olympic Games, to be held in Montreal, our Senior Vice-President, Quebec Development, Maurice Forget, has been seconded to the Committee for the next three years to fill an important role in preparations for the games. This is a further indication of our interest in the Olympic Games, and their importance to Canada.

Advisory Boards and Directors of Subsidiary Companies

A number of changes have taken place among the 165 prominent business men on our Advisory Boards across Canada or on the Boards of overseas subsidiaries.

We record with regret the death of Dr. G. W. Mylks, member of Kingston Advisory Board since its inception in 1964.

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Millions of dollars in stocks, bonds and other securities are bought and sold each day by Royal Trust on behalf of clients. Pictured here in the Montreal trading department are John Braive and Barbara Task, handling an order.

The following Advisory Board members resigned: T. R. Francis and R. W. Mackie, Nova Scotia; Percival Streeter, New Brunswick; Hartland M. MacDougall, Toronto, and J. M. Rowand, Regina. In London, England, our former Chairman and Managing Director, A. H. Montgomery, retired from that Board after 18 years as a Director. William L. Pallot retired as Chairman of the Board of Inter National Bank of Miami but remains as a director. He has been succeeded as Chairman by Richard A. Pallot.

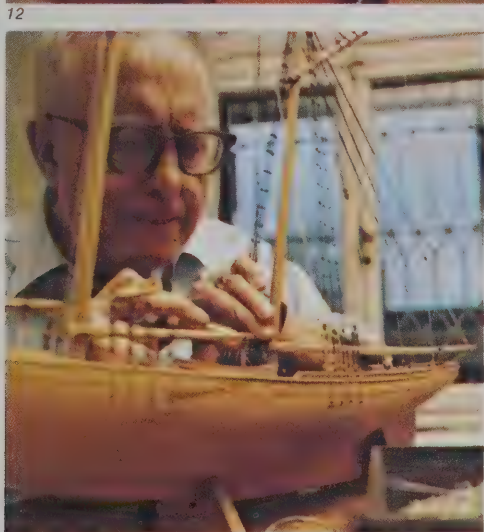
We are indebted to all these gentlemen for their support and assistance over the years.

Several new Advisory Board appointments were made: In Newfoundland – Wilfrid J. Ayre, Harold L. Lake and M. J. Pratt; Nova Scotia – Leonard A. Kitz, Q.C., Derek Oland, L. Robert Shaw, John W. Snook and William J. Stephens; New Brunswick – Joseph V. Streeter; Kingston – Dr. John A. Milliken; London, Ontario – Vernon B. King; Sarnia – Charles O. Fairbank; Windsor – Charles J. Clark, Q.C.; and in Calgary – Frederick A. McKinnon.

Overseas, the following Directors were appointed: London – C. R. S. Stroyan, W.S., and Francis E. P. Sandilands, C.B.E.; Dublin, Ireland – Kevin Mulcahy; Guernsey, Channel Islands – M. C. Polman, F.S.A.; and in Miami, Florida, G. Edward Kattel.



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The Personal Trust function is traditionally the cornerstone of the Company's operations. The key factor of this vital service is the quality of the personnel who provide it, whose training to keep pace with changing tax laws and other conditions is a continuing thing. David B. Ascott, Vice-President, Personal Trust Services, left, discusses with F. S. Milligan, Vice-President, Personnel, a seminar for senior trust officers from branches across the country.



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People — that is what Royal Trust is all about. People being provided with a wide range of useful services — people of modest estate, the very rich; young people, older people. From generation to generation.

In November, we entered our 75th year of operations, the Company having opened for business, in Montreal, November 24, 1899. We are marking this important landmark in the company's history in a number of ways. There is our sponsorship of the CBC's eight-part television series, *The National Dream*, referred to earlier. The Board of Directors will meet in Halifax, Vancouver and Alberta for the first time in the Company's history, as well as in Toronto. Branches across Canada and abroad are planning a "75th anniversary open house" to which the public will be invited, and the Company's anniversary gift to every member of the staff is an extra day off — on his or her own birthday. Further anniversary steps include preparation of a Company history and presentation of a special certificate to all Canadians also celebrating their 75th birthday in 1974.

While the year 1974 holds a special interest for the Company itself, there is an air of crisis throughout the world and rapidly accelerating rates of inflation and historically high interest rates suggest that the Canadian economy may not grow in 1974 at a rate consistent with its long term potential. The outlook suggests we have a challenge to meet under difficult conditions but we believe we have the staff, skill and know-how to face up to these and to achieve our goals for 1974.

C. F. Harrington

CONRAD F. HARRINGTON
Chairman of the Board

Kenneth A. White

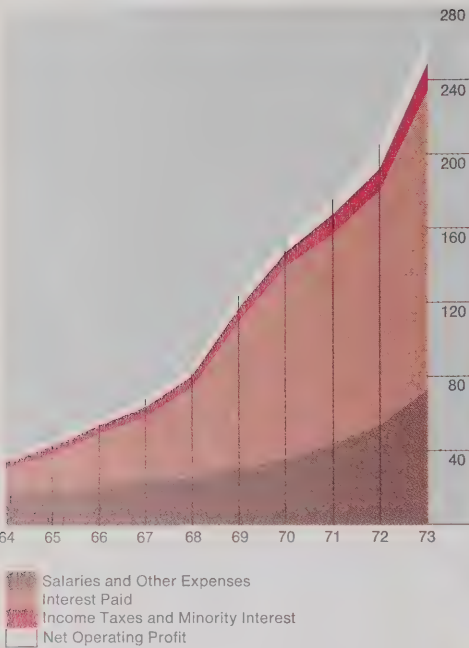
KENNETH A. WHITE
President and Chief Executive Officer

General

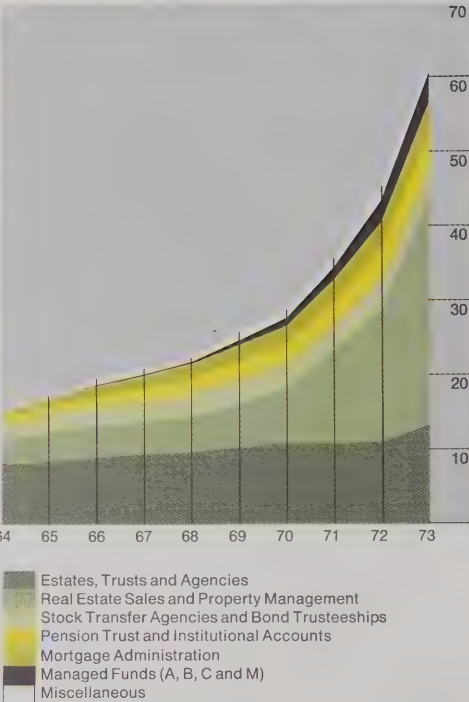
During the year, Royal Trust supported a wide variety of community projects, charitable, medical research, cultural, educational and recreational. Its gifts included such varied items as two Siberian tigers and two red kangaroos for the new Metropolitan Toronto Zoo; the gold, silver and bronze medals for winners at the Canada Summer Games in Burnaby, B.C.; furnishing of a room in the newly-restored historic city hall of Kingston, Ontario, and financial support for the new Lester B. Pearson College of the Pacific.

Montreal, Canada, 1st February, 1974

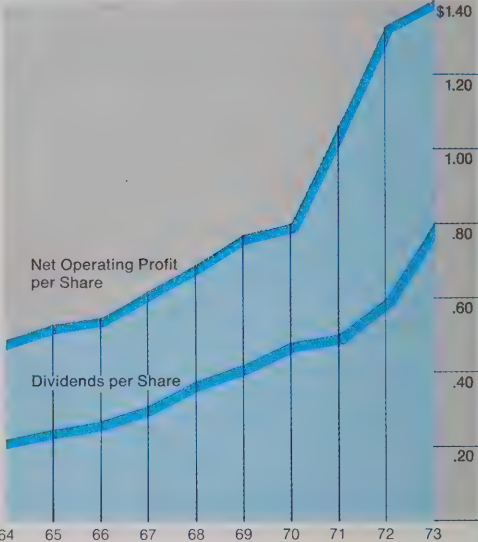
Operating Income and Expenses
(Millions of Dollars)



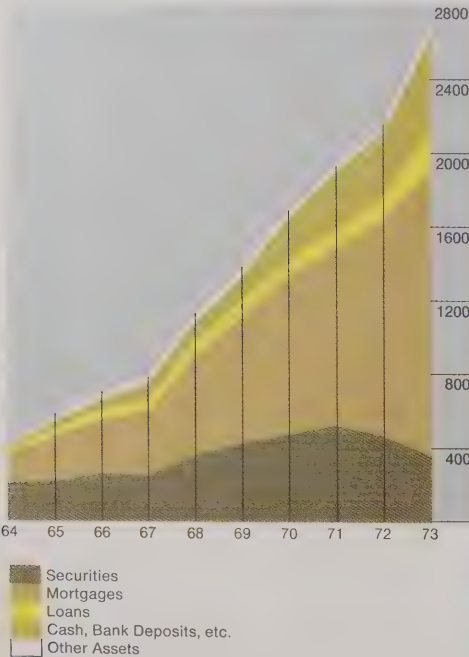
Fees and Commissions
(Millions of Dollars)



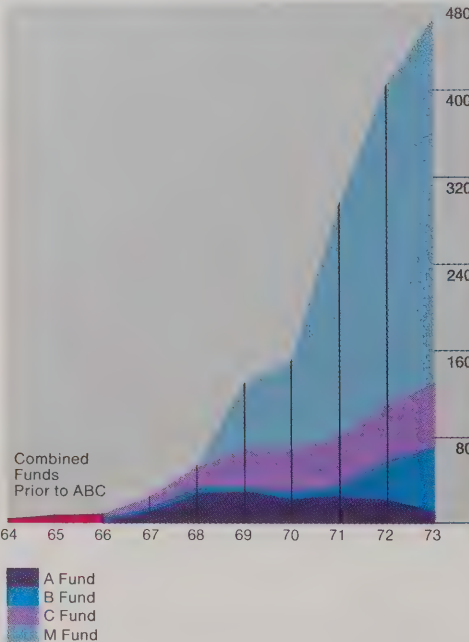
Net Operating Profit and Dividends Per Share



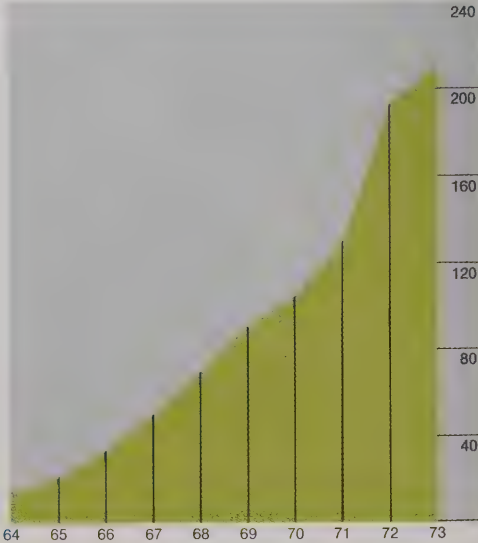
Own and Guaranteed Account Assets
(Millions of Dollars)



Managed Funds
(Market Value) (Millions of Dollars)



Savings and Checking Accounts
(Millions of Dollars)



Maturities of Investments

(Dollars in thousands)

	Cash, Bank Deposit Receipts & Treasury Bills	Secured Loans, & Advances to Clients	Securities	Mortgages	Total	
31st December, 1973						
Due within 1 year	\$ 488,903	\$180,996	\$219,063	\$ 240,131	\$1,129,093	43.2%
1 to 5 years	4,876	662	113,711	1,209,678	1,328,927	51.0
6 to 10 years		614	5,871	77,899	84,384	3.2
11 to 15 years			4,449	8,548	12,997	0.5
16 to 20 years			4,350	5,617	9,967	0.4
Beyond 20 years			853	11,779	12,632	0.5
Preferred and Common Shares			32,259		32,259	1.2
	\$ 493,779	\$182,272	\$380,556	\$1,553,652	\$2,610,259	100.0%
31st December, 1972						
Due within 1 year	\$ 326,603	\$127,361	\$246,513	\$ 166,403	\$ 866,880	41.1%
1 to 5 years	16,669		173,822	920,965	1,111,456	52.6
6 to 10 years			10,402	65,478	75,880	3.6
11 to 15 years			2,996	8,217	11,213	0.5
16 to 20 years			4,334	1,273	5,607	0.3
Beyond 20 years			4,109	12,181	16,290	0.8
Preferred and Common Shares			22,738		22,738	1.1
	\$ 343,272	\$127,361	\$464,914	\$1,174,517	\$2,110,064	100.0%

Securities

(Dollars in thousands)

	1973		1972	
	Cost	Market	Cost	Market
Bonds of, or guaranteed by governments of Canada, U.S.A. and U.K.	\$ 85,752	\$ 86,214	\$176,150	\$179,190
Bonds of, or guaranteed by other governments	88,502	88,868	67,382	67,988
Obligations of corporations	174,043	175,106	198,644	198,543
Preferred shares	9,764	9,098	5,010	4,752
Common shares	22,495	26,432	17,728	23,443
	\$380,556	\$385,718	\$464,914	\$473,916

Maturities of Deposits and Borrowings

(Dollars in thousands)

	Investment Receipts and Certificates of Deposit	Savings & Chequing Accounts	Short Term Notes	Debentures	Total	
31st December, 1973						
On demand and due within 1 year	\$ 858,292	\$211,041	\$119,021	\$ 5,246	\$1,193,600	47.7%
1 to 5 years	1,188,082		8,259	34,864	1,231,205	49.2
6 to 10 years				57,439	57,439	2.3
11 to 15 years				13,550	13,550	0.5
16 to 20 years					—	—
21 to 25 years				6,000	6,000	0.3
	\$2,046,374	\$211,041	\$127,280	\$ 117,099	\$2,501,794	100.0%
31st December, 1972						
On demand and due within 1 year	\$ 725,633	\$194,902	\$110,278	\$ 10,400	\$1,041,213	51.5%
1 to 5 years	874,411		13,340	32,242	919,993	45.5
6 to 10 years	4,135			36,015	40,150	2.0
11 to 15 years				13,550	13,550	0.7
16 to 20 years					—	—
21 to 25 years				6,000	6,000	0.3
	\$1,604,179	\$194,902	\$123,618	\$ 98,207	\$2,020,906	100.0%

Assets

	1973	1972
<i>Investments (including assets held in trust for Guaranteed Account – Note 3)</i>		
Cash, bank deposit receipts and treasury bills	\$ 493,779,000	\$ 343,272,000
Secured loans, and advances to clients	182,272,000	127,361,000
Securities – at cost (Market 1973, \$385,718,000 – 1972, \$473,916,000)	380,556,000	464,914,000
Mortgages	1,553,652,000	1,174,517,000
	\$2,610,259,000	\$2,110,064,000
<i>Other assets</i>		
Accounts receivable	\$ 4,140,000	\$ 4,855,000
Premises, equipment and leasehold improvements at cost less accumulated depreciation and amortization (Note 5)	31,233,000	29,965,000
Unamortized debenture and note discount and underwriters' commissions	1,715,000	1,610,000
Deferred income tax charges	2,826,000	3,248,000
Investment in affiliates (Note 2)	11,612,000	1,448,000
	\$ 51,526,000	\$ 41,126,000
Signed on behalf of the Board Conrad F. Harrington Kenneth A. White Directors	\$2,661,785,000	\$2,151,190,000



Liabilities and Shareholders' Equity

1973

1972

Deposits and Borrowings (including deposits accepted for

Guaranteed Account – Trust Funds for investment – Note 3)

Investment receipts and certificates of deposit	\$2,046,374,000	\$1,604,179,000
Savings and chequing accounts	211,041,000	194,902,000
Short term notes	127,280,000	123,618,000
Debentures	117,099,000	98,207,000

\$2,501,794,000	\$2,020,906,000
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Other Liabilities

Due to bank	\$ 2,400,000	\$ 1,085,000
Income taxes payable	8,431,000	2,842,000
Miscellaneous liabilities	4,734,000	4,170,000
Preferred dividend payable	125,000	—
Mortgage maturing April 1994 (\$193,000 principal instalments due in 1974) ..	18,677,000	18,857,000

\$ 34,367,000	\$ 26,954,000
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Deferred Income Taxes

\$ 19,864,000	\$ 9,547,000
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Minority Interest in Subsidiary Companies

Preferred shares	\$ 5,499,000	\$ 5,499,000
Common share equity	2,436,000	133,000

\$ 7,935,000	\$ 5,632,000
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Shareholders' Equity

Capital stock (Note 6)

Authorized – 20,000,000 shares of \$0.50 par value

Issued and fully paid – 10,320,912 shares (10,162,352 shares in 1972)

Contributed surplus	\$ 5,160,000	\$ 5,081,000
Retained earnings	52,524,000	48,954,000
	40,141,000	34,116,000

\$ 97,825,000	\$ 88,151,000
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\$2,661,785,000	\$2,151,190,000
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Statement of Consolidated Profit and Loss

for the year ended 31st December

	1973	1972
<i>Income</i>		
Fees and commissions from		
Estates, trusts and agencies	\$ 13,241,000	\$ 11,079,000
Real estate sales and property management	30,414,000	17,978,000
Stock transfer agencies and bond trusteeships	4,044,000	4,115,000
Pension trusts and institutional accounts	4,380,000	3,827,000
Mortgage administration	4,050,000	3,474,000
Managed funds	4,186,000	3,003,000
Miscellaneous	764,000	1,344,000
	\$ 61,079,000	\$ 44,820,000
Investment income from		
Mortgages	\$126,127,000	\$ 96,004,000
Securities	23,839,000	31,368,000
Collateral loans	10,485,000	6,858,000
Short term deposits	39,997,000	25,307,000
	\$200,448,000	\$159,537,000
	\$261,527,000	\$204,357,000
<i>Expenses</i>		
Interest paid	\$161,130,000	\$127,146,000
Salaries, pension contributions and other staff benefits	30,085,000	24,433,000
Commissions to real estate agents and salesmen	19,175,000	11,140,000
Premises expense (net after rental income)	5,655,000	4,879,000
Rental, depreciation and maintenance of computers and office equipment	3,706,000	2,861,000
Advertising	3,358,000	2,481,000
Other expenses	10,049,000	7,754,000
	\$233,158,000	\$180,694,000
Profit before income taxes	\$ 28,369,000	\$ 23,663,000
Income taxes – current	\$10,423,000	10,019,000
– deferred	3,046,000	781,000
	\$ 14,900,000	\$ 12,863,000
Minority interest	654,000	386,000
	\$ 14,246,000	\$ 12,477,000
<i>Net operating profit</i> (per share 1973 –\$1.40, 1972 – \$1.28) *		
Other additions (deductions)		
Net gains (losses) on investments including provision for losses	(81,000)	394,000
Gain on disposal of premises	—	909,000
Income taxes applicable to above items	12,000	(478,000)
	\$ 14,177,000	\$ 13,302,000

*Earnings per share are based upon weighted monthly average shares outstanding: 10,190,000 for 1973 and 9,718,000 for 1972. 1972 shares outstanding and earnings per share have been adjusted for two for one split in 1973.

The Royal Trust Company and its subsidiaries

Statements of Consolidated Retained Earnings and Contributed Surplus Accounts

for the year ended 31st December

	1973	1972
<i>Retained Earnings Account</i>		
Balance 1st January	\$34,116,000	\$34,137,000
Net profit for the year	14,177,000	13,302,000
Deduct: Dividends paid	\$48,293,000	\$47,439,000
Excess of cost of investment in Inter National Bank of Miami over equity value	8,152,000	5,821,000
Legal and other expenses incurred on acquisition of shares of Inter National Bank of Miami	—	7,163,000
Balance 31st December	\$40,141,000	\$34,116,000
<i>Contributed Surplus Account</i>		
Balance 1st January	\$48,954,000	\$37,384,000
Premium on issue of shares	3,570,000	11,570,000
Balance 31st December	\$52,524,000	\$48,954,000

Riddell, Stead & Co.

Chartered Accountants
630 Dorchester Blvd. W.,
Montreal H3B 1S6, Que.

Auditors' Report

To the Shareholders
of The Royal Trust Company

We have examined the consolidated balance sheet of The Royal Trust Company and its subsidiaries as at 31st December, 1973 and the statements of consolidated profit and loss, retained earnings and contributed surplus accounts for the year then ended and have obtained all the information and explanations we have required. Our examination of the financial statements of The Royal Trust Company and those subsidiaries of which we are the auditors, included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the reports of the auditors who have examined the financial statements of the other subsidiaries.

Clients' accounts and guaranteed funds are kept separate from the companies' own funds and are so earmarked in the

books of the companies as to show the accounts to which they belong.

In our opinion and according to the best of our information and the explanations given to us and as shown by the books of the companies, these consolidated statements are properly drawn up so as to exhibit a true and correct view of the state of affairs of the companies as at 31st December, 1973 and the results of their operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Riddell, Stead & Co.

Chartered Accountants

Montreal, 24th January, 1974

Notes to Consolidated Financial Statements

(1) Basis of Consolidation

All subsidiary companies are included in the consolidated financial statements. These companies are The Royal Trust Company of Canada (a U.K. Corporation), The Royal Trust Company of Canada (C.I.) Ltd. (located in Jersey in the Channel Islands), The Royal Trust Company (Guernsey) Limited, The Royal Trust Company (Ireland) Limited, The Royal Trust Company (International) Ltd. (located in the Bahamas), Inter National Bank of Miami, Florida, The Royal Trust Company Mortgage Corporation (99.99% owned), The Bankers' Trust Company, Royal Agencies Limited, Place d'Armes Realty Co. Ltd., The Industrial Mortgage and Trust Company (99.96% owned), Doreal Investments Ltd. (70% owned), and Builders Financial Co. Limited (50.09% owned). Foreign currencies have been converted into Canadian dollars at rates of exchange prevailing at 31st December.

(2) Investment in Affiliates

Investment in affiliates includes BM-RT Ltd. (\$2,162,000) and Computel Systems Ltd. (\$7,176,000). Investment in these affiliates is carried at cost plus adjustment for the Company's share of undistributed earnings or losses which is reflected in the Statement of Consolidated Profit and Loss.

Investment in other affiliates, aggregating \$2,274,000, is recorded at cost and income is reflected in the Statement of Consolidated Profit and Loss when realized through dividends paid by these affiliates.

(3) Guaranteed Account — Trust Funds for Investment

As at 31st December deposits include \$2,192,494,000 for 1973 and \$1,743,857,000 for 1972 accepted for Guaranteed Account. Assets (in thousands of dollars) segregated to secure these deposits are as follows:

	1973	1972
Cash, bank deposit receipts and treasury bills	\$ 450,397	\$ 302,274
Secured loans	145,524	93,013
Securities	304,885	401,817
Mortgages	1,291,688	946,753
	<u>\$2,192,494</u>	<u>\$1,743,857</u>

(4) Commitments and Contingencies

(i) Outstanding commitments as at 31st December, 1973 for future advances to be secured by mortgages are \$281,619,000 of which \$58,905,000 are for trust clients whose accounts are administered by the Company.
(ii) The Company has contractual obligations in respect of leases payable as follows:

	Total Sums Payable in Period
Within 5 years	\$17,059,000
6 to 10 years	11,922,000
11 to 15 years	9,255,000
16 to 20 years	5,354,000
21 to 25 years	966,000
	<u>\$44,556,000</u>

\$14,414,000 of the total obligations of \$44,556,000 is to a partially owned subsidiary. Rents incurred in 1973 were \$4,037,000.

(iii) The Company is Trustee and Manager of Royal Trust M Fund the purpose of which is the investment of its assets in first mortgages on properties in Canada. It is anticipated that there will be ample cash and marketable securities available to cover the withdrawal by participants in the fund from time to time. However, should the withdrawals exceed the cash and marketable securities then available, the Company has guaranteed to find a purchaser for such number of the mortgages held by the fund at a price not less than 95% of the value thereof as will realize sufficient funds to enable such withdrawals to be made.

As at 31st December, 1973, total assets of Royal Trust M Fund aggregated \$335,366,000 including \$33,765,000 in bank deposits and interest receivable and \$301,601,000 of mortgages.

(5) Premises and Equipment

Premises, equipment and leasehold improvements aggregating \$31,233,000 are stated at depreciated cost. Of this amount \$23,627,000 relates to the head office premises of the Company. Depreciation of these premises on a straight line basis is calculated upon an estimated original life of 75 years of which 65 are remaining. All other depreciable assets are written off at rates equivalent to or in excess of those established by income tax authorities. Depreciation of

premises and equipment and amortization of leasehold improvements charged to operations amounted to \$1,779,000 in 1973 and \$1,524,000 in 1972.

(6) Capital Stock

(i) In March 1973, the Company obtained supplementary letters patent subdividing its authorized and issued shares on a two-for-one basis. The authorized capital at 31st December, 1972 was 10,000,000 shares of \$1 par value each and at 31st December, 1973, 20,000,000 shares of 50 cents par value each. For comparative purposes, the 1972 year-end position has been restated on the subdivided basis.
(ii) 158,560 fully paid shares were issued during 1973 under employees' stock option plans for a total consideration of \$3,649,224. Under these plans, employees are entitled to purchase specified amounts of the Company's shares annually for 5 years at 10% less than market price at the time of the granting of options. As at 31st December, 206,640 unissued shares are reserved for issue prior to 1st November, 1978 under these plans.

(7) Remuneration of Directors and Senior Officers

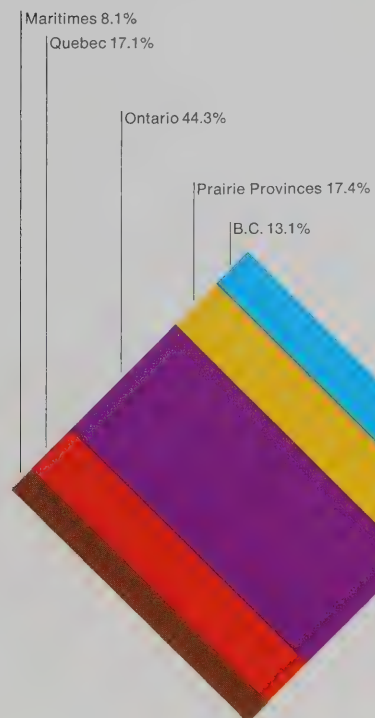
For the year ended 31st December, 1973 the aggregate direct remuneration paid or payable by the Company and its subsidiaries to Directors and Senior Officers was \$1,249,000 and the estimated aggregate cost for the year of all pension benefits proposed to be paid to Senior Officers in the event of retirement at normal retirement age was \$109,000.

Mortgages under Administration

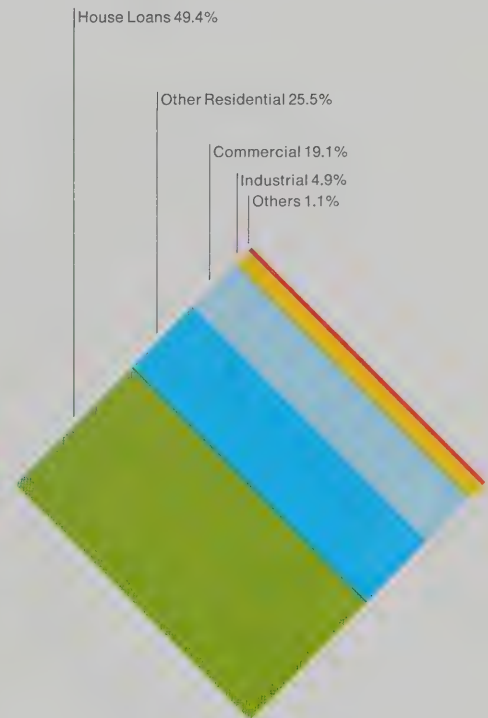
Ten Year Growth
(Millions of Dollars)



Geographic Distribution



Type of Collateral



Ten-Year Review

Year-End Position

(Dollars in thousands)

	1964	1965
Assets		
Cash, bank deposit receipts and treasury bills	\$ 25,197	\$ 28,512
Loans	24,249	46,414
Securities	189,727	209,196
Mortgages	152,881	249,958
Premises, equipment and leasehold improvements	8,314	37,811
Other assets	2,022	3,965
	<u>\$ 402,390</u>	<u>\$ 575,856</u>
Deposits and Borrowings		
Investment receipts & certificates of deposit	\$ 311,934	\$ 403,656
Savings & chequing accounts	14,103	20,988
Short term notes and debentures	42,803	78,625
	<u>\$ 368,840</u>	<u>\$ 503,269</u>
Other Liabilities, Deferred Income Taxes and Minority Interest		
Other liabilities	\$ 3,530	\$ 33,208
Deferred income taxes	581	1,304
Minority interest	2,500	5,000
	<u>\$ 6,611</u>	<u>\$ 39,512</u>
Shareholders' Equity	<u>\$ 26,939</u>	<u>\$ 33,075</u>
Total assets under administration (in billions)		
Estimated market value		

Results for Year

(Dollars in thousands)

Operating Income and Expenses		
Income —		
Fees and commissions	\$ 15,351	\$ 17,158
Income from mortgages	7,949	13,408
Income from other investments	13,259	14,667
	<u>\$ 36,559</u>	<u>\$ 45,233</u>
Expenses —		
Interest paid	\$ 14,973	\$ 19,708
Salaries, commissions and staff benefits	10,832	12,827
Net premises expense	1,626	2,061
Other expenses	3,379	4,371
	<u>\$ 30,810</u>	<u>\$ 38,967</u>
Profit before income taxes	\$ 5,749	\$ 6,266
Less —		
Interest of minority shareholders in net profit of subsidiary companies	\$ —	\$ 146
Income taxes	2,944	2,901
	<u>\$ 2,944</u>	<u>\$ 3,047</u>
Net operating profit	\$ 2,805	\$ 3,219
Net gains (losses) on investments and extraordinary items after taxes	\$ 373	\$ 172
Net profit	<u>\$ 3,178</u>	<u>\$ 3,391</u>

Shareholders' Statistics

Number of shareholders	2,365	2,497
Average shares outstanding†	5,700,000	6,112,000
Number of shares traded* †		
Price range — high* †	\$ 7	\$ 8½
— low* †	\$ 6¾	\$ 7
— close* †	\$ 7	\$ 8½
Net operating profit per share†	\$ 0.49	\$ 0.53
Dividends per share†	\$ 0.22	\$ 0.25
Price earnings ratio — high	14	16
— low	13	13

†Adjusted for two for one split in 1973.

*Prior to 1967 shares of the company were not listed. Price was established annually at the shareholders' meeting.

Where applicable to residents of Canada, for purposes of calculating taxes on Capital gains, a "V-Day" valuation price of \$37.50 as at 22nd December, 1971 was established by the Department of National Revenue. After giving effect to the two for one split on 14th March, 1973, this price has changed to \$18.75.

1966	1967	1968	1969	1970	1971	1972	1973
\$ 50,880	\$ 94,916	\$ 96,577	\$ 126,998	\$ 236,896	\$ 282,158	\$ 343,272	\$ 493,779
56,261	58,445	82,877	97,291	91,470	104,963	127,361	182,272
259,977	247,530	384,735	423,672	478,236	525,688	464,914	380,556
288,354	346,146	510,395	682,419	838,655	960,697	1,174,517	1,553,652
38,019	37,150	35,364	35,492	34,633	30,353	29,965	31,233
5,120	5,401	10,224	12,687	7,688	8,248	11,161	20,293
\$ 698,611	\$ 789,588	\$1,120,172	\$1,378,559	\$1,687,578	\$1,912,107	\$2,151,190	\$2,661,785
\$ 505,959	\$ 560,090	\$ 789,473	\$1,013,164	\$1,285,919	\$1,492,554	\$1,604,179	\$2,046,374
33,171	49,855	69,649	91,904	104,439	129,123	194,902	211,041
84,089	98,467	158,590	168,649	185,809	172,446	221,825	244,379
\$ 623,219	\$ 708,412	\$1,017,712	\$1,273,717	\$1,576,167	\$1,794,123	\$2,020,906	\$2,501,794
\$ 33,084	\$ 36,138	\$ 38,945	\$ 32,312	\$ 28,455	\$ 27,911	\$ 26,954	\$ 34,367
2,015	2,881	4,774	5,578	7,506	8,279	9,547	19,864
5,000	5,000	5,001	5,043	5,006	5,552	5,632	7,935
\$ 40,099	\$ 44,019	\$ 48,720	\$ 42,933	\$ 40,967	\$ 41,742	\$ 42,133	\$ 62,166
\$ 35,293	\$ 37,157	\$ 53,740	\$ 61,909	\$ 70,444	\$ 76,242	\$ 88,151	\$ 97,825
\$ 7.6	\$ 8.3	\$ 8.9	\$10.0	\$10.7	\$11.2	\$12.6	\$14.0
\$ 19,397	\$ 20,792	\$ 22,344	\$ 25,513	\$ 28,641	\$ 35,296	\$ 44,820	\$ 61,079
18,788	22,589	31,539	47,557	65,508	82,122	96,004	126,127
18,876	24,406	30,938	50,765	59,438	60,430	63,533	74,321
\$ 57,061	\$ 67,787	\$ 84,821	\$ 123,835	\$ 153,587	\$ 177,848	\$ 204,357	\$ 261,527
\$ 28,465	\$ 35,822	\$ 48,889	\$ 79,476	\$ 104,269	\$ 113,106	\$ 127,146	\$ 161,130
14,100	15,310	16,515	20,338	23,475	29,243	35,573	49,260
2,375	2,934	3,163	3,163	3,814	4,203	4,879	5,655
5,076	5,350	5,809	7,650	8,086	10,621	13,096	17,113
\$ 50,016	\$ 59,416	\$ 74,529	\$ 110,627	\$ 139,644	\$ 157,173	\$ 180,694	\$ 233,158
\$ 7,045	\$ 8,371	\$ 10,292	\$ 13,208	\$ 13,943	\$ 20,675	\$ 23,663	\$ 28,369
\$ 250	\$ 250	\$ 250	\$ 275	\$ 279	\$ 283	\$ 386	\$ 654
3,286	4,221	5,496	6,588	6,867	10,323	10,800	13,469
\$ 3,536	\$ 4,471	\$ 5,746	\$ 6,863	\$ 7,146	\$ 10,606	\$ 11,186	\$ 14,123
\$ 3,509	\$ 3,900	\$ 4,546	\$ 6,345	\$ 6,797	\$ 10,069	\$ 12,477	\$ 14,246
\$ 417	\$ 263	\$ 403	\$ 576	\$ 234	\$ (4)	\$ 825	\$ (69)
\$ 3,926	\$ 4,163	\$ 4,949	\$ 6,921	\$ 7,031	\$ 10,065	\$ 13,302	\$ 14,177
2,650	3,028	3,403	4,795	5,107	5,009	5,608	6,485
6,320,000	6,320,000	6,584,000	8,264,000	8,518,000	9,428,000	9,718,000	10,190,000
	410,000	972,000	842,000	948,000	1,012,000	904,000	773,000
\$ 9½	\$ 12	\$13½	\$14½	\$ 15	\$ 20	\$25½	\$28¾
\$ 8½	\$ 8	\$ 7½	\$10½	\$11¼	\$14⅞	\$ 18	\$21¾
\$ 9½	\$ 9½	\$11¾	\$13½	\$14¼	\$ 18	\$25¾	\$26¼
\$ 0.55	\$ 0.62	\$ 0.69	\$ 0.77	\$ 0.80	\$ 1.07	\$ 1.28	\$ 1.40
\$ 0.27	\$ 0.31	\$ 0.38	\$ 0.42	\$ 0.48	\$ 0.50	\$ 0.60	\$ 0.80
17	19	20	19	19	19	20	21
15	13	10	14	14	13	14	16

Board of Directors

Honorary Directors

Executive Officers

Conrad F. Harrington, C.D. Chairman of the Board, Chairman of the Executive Committee *	Harold Husband President, Victoria Machinery Depot Co. Ltd.	Henry G. Birks	Conrad F. Harrington, C.D. Chairman of the Board, Chairman of the Executive Committee	E. A. Wickens, C.A. Vice-President & Treasurer
Kenneth A. White, C.D. President and Chief Executive Officer *	Frederick W. P. Jones Company Director * †	Ross Clarkson, D.C.L., LL.D.	Kenneth A. White, C.D. President and Chief Executive Officer	A. M. Edson Executive Assistant to the Chairman
H. Greville Smith, C.B.E. Vice-President, Company Director * †	Walter F. Light Executive Vice-President, Bell Canada	Thomas W. Eadie, LL.D.		V. G. Hobbes Assistant Vice-President Portfolio Analysis
R. James Balfour, Q.C., M.P. Partner - Balfour, MacLeod, Moss, Laschuk, Kyle, Vancise & Cameron (Barristers and Solicitors)	Hon. George C. Marler, P.C., LL.D. Associate, McLean, Marler, Tees, Watson, Poitevin, Javet & Roberge (Notaries) †	George W. Huggett	Robert J. Wilson Group Vice-President Regional Operations	T. R. Lee, D.F.C. Assistant Vice-President Public Relations
G. Drummond Birks President, Henry Birks & Sons Ltd. †	John F. McDougall President, McDougall & Secord Limited (Real Estate Management)	Jean Martineau, C.C., Q.C., LL.D.	R. T. La Prairie, C.A. Group Vice-President Finance	A. V. L. Mills Secretary
Donald N. Byers, Q.C., LL.D. Partner - Byers, Casgrain & Stewart (Barristers and Solicitors)	J. Richard Murray Company Director	John W. McKee	J. M. Scholes Group Vice-President Investments	C. M. Root Assistant Vice-President Marketing
Alistair M. Campbell, F.I.A., F.S.A. Chairman, Sun Life Assurance Co. of Canada * †	John L. O'Brien, Q.C. Partner - O'Brien, Hall, Saunders (Barristers and Solicitors) * †		Glyn Smallwood Group Vice-President Administration	D. Donald Ross, C.A. Assistant Vice-President Executive Vice-President Inter National Bank of Miami
Keith Campbell Vice-President, Canadian Pacific Limited	Arthur C. Price Consultant, The Price Co. Ltd.		J. F. Close, C.A. Senior Vice-President Special Investments Domestic & Foreign	R. S. Traquair Assistant Vice-President Manager, Toronto Branch
Henry Collingwood Chairman, Baine, Johnston & Co. Ltd. (Food Wholesalers)	Hon. Maurice Riel, Q.C. Partner - Riel, Vermette, Ryan, Dunton & Ciaccia (Barristers and Solicitors) * †		Maurice Forget Senior Vice-President Quebec Development	G. E. Allen General Supervisor E.D.P. Services
Harold P. Connor Chairman of the Board, National Sea Products Ltd.	Robert J. Wilson Group Vice-President Regional Operations The Royal Trust Company		R. S. Whyte Senior Vice-President Western Region	R. Breton General Supervisor Personal Trust Investments
James B. Cross, D.U.C. President, Territorial Hotels Ltd.			D. B. Ascott Vice-President Personal Trust Services	L. J. G. Brunelle, M.B.E. General Supervisor Fixed Income Securities
Fraser M. Fell, Q.C. Partner - Fasken & Calvin (Barristers and Solicitors)			Charles C. de Léry Vice-President, Quebec Region Manager, Montreal Branch	E. P. Cannon, C.A. Comptroller
Percy M. Fox, D.C.L., D.Sc.F. Chairman of the Board, The Great Lakes Paper Co. Ltd.			F. S. Milligan Vice-President Personnel	C. C. Cope General Supervisor Real Estate Sales
G. Blair Gordon President, Blair & Co. (Investments)			G. R. Otley Vice-President Pension Trust Services	A. Forest General Supervisor Mortgage Services
Eric L. Hamilton, C.A. President, Canadian Industries Limited			K. C. Pilley Vice-President, Ontario Region	A. Hagedorn General Supervisor Equity Research
			A. Purdy Vice-President Mortgage & Property Investment Services	J. C. Macfarlane, C.A. Assistant Treasurer
			I. D. Sneddon Vice-President Atlantic Provinces Region	P. L. E. McAvoy General Supervisor Real Estate Administration
			H. E. Trenholme Vice-President International Services	A. T. Smyth General Supervisor Marketing

*Member of Executive Committee
†Member of Audit Committee

B. E. Sturgess, F.C.A.

Managing Director
The Royal Trust Company
of Canada

George Wiebe

General Supervisor
Corporate Trust

C. Terrill Manning, Q.C.

General Counsel

Keith M. Laidley

Assistant General Counsel

Henri C. Renaud

Counsel

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J. R. Beasant, Chairman
Wilfrid J. Ayre
Rupert W. Bartlett, Q.C.
Charles R. Bell
Henry Collingwood
Harold L. Lake
James W. Parker
Max J. Pratt
Gordon A. Winter, LL.D.

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C. F. Ranson, Chairman
L. F. Daley, Q.C.
C. Wilmot Dean
Leonard A. Kitz, Q.C.
George Mitchell
Derek Oland
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F. Homer Zwicker

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D.S.O., C.D.
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F. W. Troop
Andrew B. Weir
R. P. White, O.B.E., V.R.D.

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Trumbull Warren, O.B.E.

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Theodore A. Witzel
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O.B.E., E.D.
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Dr. B. E. Sherk
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Gordon Ferguson
Gordon H. Findlay
C. Howard Huctwith
Herbert S. Matthews
George Mitchell
George W. Parker
Stanley Wilk
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A. John Ellis
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Hon. James Sinclair, P.C.
J. Bruce Smith
C. Reginald Tanner

Victoria

Alan G. Aldous, Chairman
E. W. Arnott
J. W. Bayne
Harold B. Elworthy
Rear-Admiral J. C. Hibbard,
D.S.C., C.D., R.C.N. (Ret'd)
Harold Husband
Ralph D. Perry
Hector C. Stone
H. A. Wallace

**Inter National Bank
of Miami**

Miami, Florida, U.S.A.

Directors:
Richard A. Pallot, Chairman
Allen I. Isaacson
G. Edward Kattel
William L. Pallot
Samuel Seitlin
Theodore W. Slack, Sr.
Theodore Spak

**The Royal Trust Company
of Canada**

London, England

Directors:
Francis E. P. Sandilands,
C.B.E.
Chairman
David L. Donne
S. F. Fermor, F.C.A.,
C. F. Harrington,
C.D., B.A., B.C.L.
M. R. Kimball, M.P.
C. S. R. Stroyan, W.S.
B. E. Sturgess, F.C.A.
K. A. White, C.D.

**The Royal Trust Company
of Canada (C.I.) Limited**

St. Helier, Jersey

Channel Islands

Directors:
R. R. Jeune, Chairman
G. W. P. Camble
S. F. Fermor, F.C.A.
C. F. Harrington,
C.D., B.A., B.C.L.
Sir Robert Marett,
K.C.M.G., O.B.E.
Francis Perrée
B. E. Sturgess, F.C.A.
K. A. White, C.D.

**The Royal Trust Company
(Guernsey) Limited**

St. Peter Port, Guernsey

Channel Islands

Directors:
G. W. P. Camble
C. F. Harrington,
C.D., B.A., B.C.L.
M. C. Polman, F.I.A.
B. E. Sturgess, F.C.A.
K. A. White, C.D.

**The Royal Trust Company
(Ireland) Limited**

Dublin, Ireland

Directors:
John H. Donovan, B.E.
J. B. Doyle, F.C.A.
C. F. Harrington,
C.D., B.A., B.C.L.
Kevin Mulcahy
B. E. Sturgess, F.C.A.
A. W. Warnock, F.C.A.
K. A. White, C.D.

Offices and Managers

Head Office Montreal 630 Dorchester Blvd. W.	Atlantic Region Corner Brook, Nfld. Millbrook Shopping Centre <i>M. D. Simmons</i>	1874 d'Estimauville <i>P. L. Desbiens</i> (Acting Manager)	Woodstock 453 Dundas St. <i>W. B. Caunce</i>	Calgary 600 - 7th Ave. S.W. <i>J. A. Burleton</i>
Regional Offices	St. John's Royal Trust Building 139 Water St. <i>J. R. Beasant</i>	Sherbrooke 25 Wellington St. N. <i>Laurier A. Carrière</i>	London, Ont. 146 Dundas St. <i>N. R. D. Dennys</i> Westmount Mall 785 Wonderland Rd. <i>J. Hutchinson</i>	Edmonton 10039 Jasper Ave. <i>P. S. H. Brodie</i>
Atlantic Provinces Region Halifax 1648 Hollis St.	Charlottetown 72 University Avenue <i>R. E. Anderson</i>	Trois-Rivières Royal Trust Building 1300 Notre Dame St. <i>J. P. Rousseau</i>	Strathroy 72 Frank St. <i>R. H. Blandford</i>	Lethbridge 740 - Fourth Ave. South <i>R. S. Hannen</i>
Quebec Region Montreal 630 Dorchester Blvd. W.	Halifax 1648 Hollis St. <i>C. F. Ranson</i>	Ontario Region Ottawa 76 Metcalfe St. <i>George F. Publicover</i>	Forest 161 - 165 King St. <i>J. A. Gray</i>	Kelowna 248 Bernard Ave. <i>F. A. Simpson</i>
Ontario Region Toronto Royal Trust Tower Toronto-Dominion Centre	Moncton 837 Main St. <i>D. G. McCartney</i>	Kingston 74 Brock St. <i>H. H. Barber</i>	Petrolia 4186 Petrolia St. <i>G. S. Scollon</i>	Vancouver Royal Trust Tower <i>R. R. H. Sturgess</i>
Western Region Vancouver Royal Trust Tower Bentall Centre 555 Burrard St.	Fredericton 400 King St. <i>Bruce W. Anderson</i>	Toronto Royal Trust Tower <i>R. S. Traquair</i> 2247 Yonge St. <i>J. C. Carter</i>	Sarnia 197 N. Front St. <i>George Mitchell</i>	West Vancouver Hollyburn Plaza <i>J. N. Fraser</i>
Saint John, N.B. Brunswick House One King St. <i>P. W. Carrodus</i>	Quebec Region Montreal 630 Dorchester Blvd. W. <i>Charles C. de Léry</i>	32 Humbertown Centre Islington <i>M. E. Gervais</i> 81 St. Clair Ave. East <i>P. Dennett</i> 60 Bloor St. West <i>R. J. Ford</i>	Windsor 527 Ouellette Ave. <i>W. D. Gordon</i>	Victoria 1205 Government St. <i>Alan G. Aldous</i>
4145 Sherbrooke St. W. (Westmount) <i>G. Prendergast</i>	6991 St. Hubert St. <i>Gérard Labrosse</i>	Oakville 239 Lakeshore Rd. East <i>K. M. MacRae</i>	Sault Ste. Marie 350 Queen St. E. <i>John W. Corbishley</i>	U.S.A. Miami, Florida Inter National Bank of Miami 627 S.W. 27th Ave. <i>Richard A. Pallot</i> Chairman and President
280 Dorval Ave. (Dorval) <i>René Bertheau</i>	Quebec City Royal Trust Building 1120 Chemin St. Louis <i>Jacques Dionne</i>	Hamilton Stelco Tower Lloyd D. Jackson Square <i>H. H. Gratton</i>	Thunder Bay 202 Arthur St. <i>D. A. Ross</i>	Western Region Winnipeg 287 Broadway <i>A. Bruce D. Gillespie</i>
Place Laurier (Ste. Foy) <i>R. Massicotte</i>	St. Catharines 4 Queen St. <i>U. R. Van Sickle</i>	Kitchener-Waterloo 105 King St. E. <i>J. G. Lebeuf</i>	Regina 101 McCallum Hill Building <i>Eric J. Dorman, C.D.</i>	Saskatoon Midtown Plaza <i>W. G. Ransom</i>
	St. Thomas 525 Talbot St. <i>D. N. Reid</i>			

Abroad	Associated Companies	Representatives	Real Estate Offices	(including those located at Branch or Savings offices)
England The Royal Trust Company of Canada Royal Trust House 54 Jermyn St. London, SW1Y 6NQ <i>B. E. Sturgess, F.C.A.</i> Managing Director	Toronto Builders Financial Co. Limited Royal Trust Tower The Sovereign Mortgage Insurance Company 1320 Yonge St.	Yarmouth & Yarmouth County, N.S. <i>Hubert T. Loneragan</i> Labrador City, Nfld. <i>Philip C. Walters</i> Arvida, Que. Lac St-Jean Area <i>J. G. R. Lavoie</i> Sherbrooke, Que. <i>H. A. Simons</i> Hamilton, Ont. <i>E. R. Taylor</i> San Diego, California <i>F. R. Southee</i> London, England <i>H. S. Kronlachner</i> Co-ordinator International Services, Europe	Newfoundland St. John's Corner Brook Nova Scotia Halifax Dartmouth Prince Edward Island Charlottetown New Brunswick Saint John Moncton Fredericton Quebec Quebec City (3 offices) Trois-Rivières Sherbrooke Knowlton Montreal (16) Hull Ontario Ottawa (3) Toronto (5) Etobicoke (2) Mississauga Oakville Scarborough Weston Brampton London (2) St. Thomas Hamilton (3) Burlington Kitchener-Waterloo Guelph St. Catharines Niagara Falls Windsor Manitoba Winnipeg (5) Saskatchewan Saskatoon	Alberta Calgary (5) Edmonton (5) Lethbridge British Columbia Kelowna Vancouver (7) Victoria
Guernsey, C.I. The Royal Trust Company (Guernsey) Limited St. Julian's Court St. Peter Port	Ottawa Computel Systems Ltd. 1200 St. Laurent Blvd.			
Jersey, C.I. The Royal Trust Company of Canada (C.I.) Limited 33 Hill St. St. Helier <i>G. W. P. Camble</i> Managing Director	Bahamas Bahamas International Trust Company Limited (Bitco) Bank Lane Nassau Bermuda International Trust Company of Bermuda Limited (Itcob) Mercury House Front Street Hamilton Cayman Islands Cayman International Trust Company Limited (Citco) P.O. Box 500 Georgetown Grand Cayman New Hebrides Burns Philp and International Trustee Company Limited P.O. Box 283 Vila Switzerland Bankinvest P.O. Box 419 Brandschenkestrasse CH - 8039 Zurich			
Ireland The Royal Trust Company (Ireland) Limited 53 Dawson St. Dublin <i>J. B. Doyle, F.C.A.</i> Managing Director				
Bahamas The Royal Trust Company c/o Messrs. Carson, Lawson & Co. 309 Bay Street Nassau The Royal Trust Company (International) Limited c/o Bahamas International Trust Company Limited Bank Lane, Nassau				
Liechtenstein The International Royal Trust Company A.G. Am Schragen Weg 2, FI 9490 Vaduz				

Services Royal Trust provides . . .

for the individual

Estate Planning

Executor and trustee under wills

Administrator or agent for the heirs in estates where there is no will

Agent or attorney for executors

Agent for the management of estates

Trustee under deeds of trust

Committee or curator to property

Manager of investments

Agent for the investment of money and collection of dividends, interest, rent, and the principal of mortgages, bonds and stocks

Investment Funds (A, B, C and M)

Agent to buy, sell, and manage real estate

Mortgage loans

Custodian of securities

Depository for medium and short term money against Guaranteed Investment Receipts

Savings Accounts

Chequing Accounts

Agent for preparation of income tax returns

Registered retirement savings plans

Standing-by attorney

Income-Averaging Annuity Contracts

Guaranteed Monthly Income Receipts

for corporations, firms and other organizations

Transfer agent and registrar for shares

Paying agent for dividends and bond interest

Subscription and rights agent

Depository and escrow agent

Trustee for bondholders and registrar for bonds

Depository for medium and short term money against Guaranteed Investment Receipts

Trustee and custodian for pension and other employee benefit plans

Trustee for buy-sell agreements under business insurance trusts

Management and custodianship of securities

Custodian and trustee for non-resident insurance companies

Agent for real estate, mortgages and lease-back agreements

Interim and long term mortgage financing

Property management

Management of endowment funds, collection of pledges, etc., for charitable, religious, educational and similar bodies

Deferred Profit Sharing Plans

General financial agent and all related services

The Royal Trust Group

Comprising The Royal Trust Company, principal subsidiaries and associated companies.

The Royal Trust Company

The Royal Trust Company commenced operations in Montreal in 1899. Today, through 108 branches and offices from coast to coast in Canada (including real estate sales offices), the Company provides a complete range of trust services to individuals, corporations and institutions, as well as deposit-taking and other financial services (see page 24 for list of services).



Principal Subsidiaries

The Royal Trust Company of Canada (100% owned)

Royal Trust commenced operations in London, England in 1929. Initially operating with trust facilities only, in 1972 it was granted modified banking status.

The Royal Trust Company of Canada (C.I.) Ltd. (100% owned)

Located at St. Helier, Jersey, in the Channel Islands, it began operations in 1962 and provides complete trust and deposit-taking facilities, particularly in the management of non-resident trusts, as well as an international tax planning service.

The Royal Trust Company (Guernsey) Limited (100% owned)

In addition to Jersey, trust facilities are also provided in the Channel Islands from this subsidiary located in St. Peter Port, Guernsey.

The Royal Trust Company (Ireland) Limited (100% owned)

The Irish subsidiary was established in 1966 and conducts trust, investment management and deposit-taking operations in the Republic of Ireland.

Inter National Bank of Miami (100% owned)

Acquired through an exchange of shares in 1972, Inter National Bank is engaged in general banking in Miami, Florida. It also possesses full trust powers.

The International Royal Trust Company A.G. (100% owned)

This Liechtenstein company was formed in 1973 to meet a general demand for trust services in a tax haven where Royal Trust had not previously been represented. Its particular function is to act as investment manager and/or trustee for individuals, trusts and companies.

The Royal Trust Company Mortgage Corporation (99.99% owned)

The Mortgage Corporation is an integral part of

Royal Trust's financial operations. It commenced its present business in 1959. Under existing laws governing trust companies in the various provinces of Canada, trust companies are not allowed to issue debt although they can accept trust funds on deposit in Guaranteed Account. On the other hand, loan companies are permitted to issue debt, so that through this subsidiary the Royal Trust group has access to this important section of the Canadian financial market. Royal Trust Mortgage obtains funds through the issuance of debentures and short term notes and invests these funds principally in first mortgages on real estate in Canada.

Builders Financial Co. Limited (50.09% owned)

This company was incorporated in 1971 jointly by Royal Trust and Continental Illinois Corporation, the one-bank holding company for Continental Illinois National Bank and Trust Company of Chicago. Builders Financial and its wholly-owned subsidiaries, Builders Capital Limited and Western Builders Capital Limited, are engaged in the business of interim financing of real estate throughout Canada. This consists primarily of construction loans to developers for major commercial projects such as apartment buildings, shopping centres, office buildings, hotels and large scale residential developments.



Associated Companies

Computel Systems Ltd. (40% owned)

Computel Systems Ltd. from its base in Ottawa operates one of the largest and most advanced computer systems in Canada. In 1973 Royal Trust acquired a 40% equity position in this publicly held company. Commencing in 1974, Computel will provide computing services to Royal Trust apart from systems design, programming and data control functions.

BM-RT Ltd. (50.1% owned)

BM-RT Ltd. is jointly owned with the Bank of Montreal. It functions as the "Adviser" to BM-RT Realty Investments, an open-end real estate investment trust (commonly referred to as a "REIT"). Royal Trust and the Bank of Montreal directly and through BM-RT Ltd. each own 17.5% of the outstanding units of the trust, with the balance being held by some 8,500 unit holders. The trust is authorized to invest in a wide range of real estate securities. The Adviser also issues debentures and short term notes in the market and lends the resulting funds exclusively to the Trust. There is an advisory contract between the Adviser and the Trust and the two sponsors have undertaken to provide mortgages suitable as investments for the Trust and to maintain the portfolio fully invested.

Bahamas International Trust Company Limited (BITCO) (16% owned)

Established in 1957, it provides general trust

services under the laws of the Bahamas. Royal Trust's partners in this company are Barclays Bank International Ltd. (London); Hambros Bank Ltd. (London); Robert Fleming & Co. Ltd. (London); Anglo American Corporation of South Africa, Ltd.; The Chartered Bank (London); N. M. Rothschild & Sons (London); and The Bank of New York.

Cayman International Trust Company Limited (CITCO) (16% owned)

Established in 1967 by the same shareholders as Bahamas International Trust Company Limited, Cayman International conducts general trust operations in the Cayman Islands.

International Trust Company of Bermuda Limited (ITCOB) (10% owned)

This company commenced general trust operations in Bermuda in 1970. The other sponsors are Bermuda Provident Bank Limited, Barclays Bank International Ltd. and Hambros Bank Ltd.

Burns Philp and International Trustee Company Limited (25.61% owned)

This Trust company is empowered to conduct general trust operations from and within the New Hebrides, a condominium in the South-West Pacific administered by Great Britain and France. The other sponsors are: Burns Philp Trustee Company Limited (Sydney); The National Bank of Australasia Limited (Melbourne); Banque de l'Indochine; Lloyds & Bolsa International Bank; The Bank of Tokyo

Limited; The Bank of Butterfield Executor and Trustee Company Limited (Bermuda); The Mitsui Bank Limited; The Chartered Bank Hong Kong Trustee; Lancaster Investments Limited.

Bankinvest (10% owned)

Established in its present form in Zurich, Switzerland, in 1970, Bankinvest conducts an international banking operation in all major currencies. Other principal shareholders are: The Boeing Company (Seattle, Wash.); C. T. Bowring and Co. Ltd. (London); the Halliburton Group (through Brown & Root Overseas Ltd., London); Capital National Corporation (Capital National Bank, Houston); Cooper Industries, Inc. (through Cooper-Bessemer of Canada Ltd.); Distillers Corporation-Seagrams Ltd. (through Joseph E. Seagram & Sons, Inc., New York); Coca Cola Company (through Minute Maid S.A., Zurich); Van der Hoop, Offers & Zoon (through N. V. Maastrust, Rotterdam, Holland).

The Sovereign Mortgage Insurance Company (20% owned)

Incorporated in 1972, Sovereign commenced operations in 1973. The prime purpose of this company is to insure mortgage lenders against losses in the event of default by borrowers. The other shareholders are IAC Limited, Toronto; Continental Illinois Corporation, Chicago and Canada Permanent Mortgage Corporation, Toronto.



AR02



Royal Trust

\$12.6 billion Assets under administration
(31st December 1972)

HEAD OFFICE

630 DORCHESTER BLVD. W.
MONTREAL

Offices from coast to coast and abroad

Quarterly Analysis of Income and Earnings

(Dollars in Thousands except for Earnings per Share)

Quarter	Fees and Commissions	Income From Investments Less Interest Paid	Net Operating Profit	Earnings Per Share*
1st	\$ 5,771	4,949	1,199	.14
2nd	7,156	4,990	1,774	.22
3rd	7,046	4,664	952	.11
4th	8,668	6,074	2,872	.33
1970	<u>\$28,641</u>	<u>20,677</u>	<u>6,797</u>	<u>.80</u>
1st	\$ 6,889	6,212	1,606	.17
2nd	8,960	8,229	2,988	.32
3rd	9,296	7,069	2,494	.26
4th	10,151	7,936	2,981	.32
1971	<u>\$35,296</u>	<u>29,446</u>	<u>10,069</u>	<u>1.07</u>
1st	\$ 8,509	7,876	2,492	.26
2nd	11,019	7,892	3,259	.35
3rd	12,237	7,519	3,147	.32
4th	13,055	9,104	3,579	.35
1972	<u>\$44,820</u>	<u>32,391</u>	<u>12,477</u>	<u>1.28</u>
1st	\$11,174	10,022	3,135	.31
2nd	15,188	10,223	3,853	.38
Half year				
1973	<u>\$26,362</u>	<u>20,245</u>	<u>6,988</u>	<u>.69</u>

*Earnings per share previously reported for periods 1970 to 1972 inclusive adjusted for 2 for 1 stock split in 1973.

Royal Trust



Interim Report

SIX MONTHS ENDING 30th JUNE, 1973

To our Shareholders

The strong trend in growth in fees and commissions noted in our previous quarterly report continued throughout the 2nd Quarter, supporting the optimism for our 1973 operations expressed in our 1972 annual report.

You will be pleased to note that income from fees and commissions increased from \$19.5 million to \$26.4 million, or 35 per cent, with major gains from estates, trusts, and agencies, 17%; real estate sales, 80%; mortgage administration and real estate appraisal, 26%, and money services (A, B, C and M Funds), 28%.

Recent increases in interest rates have had a downward impact on the net spreads in the particular area of our short-term money operations. However, you will note from our balance sheet a substantial increase in investment in mortgages, the \$1.3 billion recorded representing an increase of almost \$300 million over the past year. Mortgages now represent 58% of total assets compared with 50% the year before. This relatively large holding of higher-yielding assets has resulted in a major improvement in profits. Income from investments (less interest paid on deposits and borrowings) rose from \$15.8 million to \$20.2 million, or 28 per cent.

The 1973 results include those of Inter National Bank of Miami which we acquired in September, 1972, and the profit contribution from this subsidiary has been such that there has been no dilution in share earnings resulting from the issue of some 630,000 additional shares of Royal Trust (adjusted for the 1973, 2 for 1 split) in exchange for the shares of Inter National Bank. Operations of our Miami bank have been very satisfactory. Since its acquisition, total deposits have increased from \$48 million to \$62 million.

There have been two interesting developments in our international operations. A trust department has been opened by our bank in Miami enabling us to offer a full scale of personal trust services within the State of Florida, a situation that should be of special interest to Canadians living or visiting in Florida. In Europe a new company, The International Royal Trust Company, A.G., has been incorporated in the principality of Liechtenstein. It will provide personal trust services in the European currency area.

KENNETH A. WHITE

President and Chief Executive Officer

17th July, 1973

CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(Dollars in thousands)

Statement of Profit and Loss

	Six Months Ending 30th June		% Increase (Decrease)
	1973	1972	
Income			
Fees and commissions	\$ 26,362	\$ 19,528	35
Income from investments	93,187	75,510	23
	<u>\$ 119,549</u>	<u>\$ 95,038</u>	<u>26</u>
Expenses			
Interest paid	\$ 72,942	\$ 59,742	22
Salaries, real estate sales commissions and staff benefits	21,630	16,002	35
Other	10,901	8,151	34
	<u>\$ 105,473</u>	<u>\$ 83,895</u>	<u>26</u>
Profit before income taxes	\$ 14,076	\$ 11,143	26
Income taxes	6,800	5,200	31
Net profit before interest of minority shareholders	\$ 7,276	\$ 5,943	22
Minority interest	288	192	50
Net operating profit	\$ 6,988	\$ 5,751	22
Net gains on investments after taxes	584	142	311
Net profit for the period	<u>\$ 7,572</u>	<u>\$ 5,893</u>	<u>28</u>
Average number of shares outstanding	10,181,000	9,494,000	7
Net operating profit per share	69¢	61¢	13
Dividend per share paid in period	40¢	30¢	33

Balance Sheet

	As at 30th June		% Increase (Decrease)
	1973	1972	
Assets			
Cash, bank deposits and treasury bills	\$ 381,419	\$ 380,060	—
Secured loans, and advances to clients	122,632	173,446	(29)
Securities	402,799	447,828	(10)
Mortgages	1,318,484	1,023,869	29
Other assets	43,466	37,630	16
	<u>\$ 2,268,800</u>	<u>\$2,062,833</u>	<u>10</u>
Liabilities and Shareholders' Equity			
Deposits and borrowings	\$ 2,133,012	\$1,942,173	10
Other liabilities	28,672	26,771	7
Deferred income taxes	9,274	8,102	14
Minority interest	5,679	5,577	2
Shareholders' equity	92,163	80,210	15
	<u>\$ 2,268,800</u>	<u>\$2,062,833</u>	<u>10</u>